

# The Colin Wiles blog

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## On Panorama

When I started out as a housing consultant over ten years ago, I was invited to lunch by a local chief executive. I thought he was going to offer me some work, but instead he offered me some advice. Specialise in service charges, he said, the sector desperately needs help and you will make lots of money. Regrettably, I did not follow his advice (it would have bored me to death, frankly) but I know that he was probably right.

The problem of service charges was at the heart of last week's edition of [Panorama](#) on shared ownership. It told the tale of several owners who had seen their charges soar within a few years, in one case up from £2,300 to £4,400 annually within the space of four years. Another was angry that they could not afford to buy their home outright because property prices in London had soared. One shared owner in the Cotswolds complained about being charged to extend her short lease of 80 years. There were also complaints about the cladding scandal and shoddy newbuilds.

(I have some personal experience of the latter point as my daughter has a newbuild shared ownership flat in South London that has been beset by defects.)

As a product, there are clearly some concerns about shared ownership, which I discuss below, but the problem with this programme was that, like much journalism these days, it sought to make wider points about an issue from a series of anecdotes. The programme mentioned that a recent Nat Fed survey (quoted by Kate Henderson) had found 21% of shared owners were dissatisfied, which implies that 79% were, if not satisfied, at least not dissatisfied. In fact, Kate mentioned that 60% were satisfied overall, which is not a great result, but it does not prove a widespread failure of the product itself.

Some parts of the programme were downright misleading. In one segment, a large London provider had bought a block with a 999-year lease and was criticised for offering only 125-year leases – but surely the model lease recommends 99 or 125 years? Even if the provider owned the freehold of the block they would not offer more than 125 years, surely? As for the shared owner in the Cotswolds who complained about having to pay to extend her lease, this is based on a standard formula applied to all leaseholders, on the basis that any lease under 80 years starts to fall in value.

Coming back to service charges, I think my first challenge to landlords, as a leaseholder, would be to determine if owners are being treated on a level playing field with tenants in similar properties. I can remember the debate in the eighties about the unfairness of council estate tenants paying twice for street lighting and pavements through both their rent and their

rates, when private owners only paid through the rates. I am fairly sure that some service charge departments are under-resourced and lacking in knowledge and skills, and do not fully appreciate the impact of their deliberations upon people with limited incomes. They obviously need some consultancy help!

But what the programme did expose, for me at least, is that shared ownership has an identity crisis. It is neither fish nor fowl. It comes under the heading of social housing and yet owners are largely left to their own devices and treated as if they were commercial buyers. Landlords often know less about their shared owners than they do about other tenants, something I wrote about [here](#). There is also clearly a sense of unfairness that you could own, for example, 30% of the property and be responsible for 100% of repairs, as well as a lack of clarity about what happens to the rent that is being charged on the unsold equity.

What many of these owners seemed to have a gripe about was that their landlords treated them as if they were buyers in the private market, rather than applicants for a social housing product. They wanted landlords to be more open about the pitfalls of their lease and to be more transparent about service charges, rather than expecting purchasers to understand all the legal intricacies (many lenders and lawyers do not fully understand the product for heaven's sake!). I think it was therefore wrong for the Nat Fed to place the blame on solicitors.

With the government set to re-launch the shared ownership model and allow initial sales of 10%, the complaints we saw in Panorama are bound to rise. If it is to be re-launched, it does need to be made simpler and more understandable to buyers, lenders, and lawyers alike.

But if you go back to the legislation, Section 70 of the 2008 Housing and Regeneration Act defines shared ownership as, *“accommodation...made available in accordance with rules designed to ensure that it is made available to people whose needs are not adequately served by the commercial housing market”*.

So, we also need to bring shared ownership firmly back under the “social” umbrella and treat buyers with greater openness, fairness, and respect (as the Housing White Paper requires), rather than as outright commercial punters to whom caveat emptor applies. The sector might shift fewer “units” (I hate that term) as a result, but it would add to the sum of human happiness, and that is what we are here for, I hope?

## About the author

Colin Wiles has worked in affordable housing for almost forty years, for local authorities and housing associations. For the past eight years he has worked as a consultant, working on a range of projects for dozens of clients across the sector. He specialises in governance, service reviews, research and policy work. Colin has written extensively on housing and planning issues for Inside Housing, 24 Housing and The Guardian. He is a co-founder of SHOUT, the Campaign for Social Housing.



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